

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>St. Clair County Community Mental Health Auth</b>	County <b>St. Clair</b>
Audit Date <b>9/30/04</b>	Opinion Date <b>2/8/05</b>	Date Accountant Report Submitted to State: <b>6/27/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

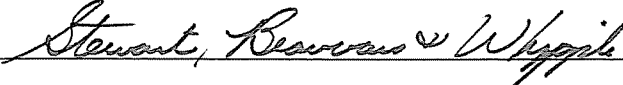
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <b>Stewart, Beauvais &amp; Whipple</b>			
Street Address <b>1979 Holland Ave.</b>	City <b>Port Huron</b>	State <b>MI</b>	ZIP <b>48060</b>
Accountant Signature 			Date <b>6-27-05</b>

**ST. CLAIR COUNTY COMMUNITY MENTAL  
HEALTH AUTHORITY  
Port Huron, Michigan**

**SUPPLEMENTARY INFORMATION TO  
FINANCIAL STATEMENTS  
(FEDERAL AWARDS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2004**



# ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

## TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report on –	
Supplementary Financial Information	1
Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i><b>Government Auditing Standards</b></i>	2
Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	4
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY FINANCIAL INFORMATION**

To the St. Clair County Community  
Mental Health Authority  
Port Huron, Michigan

We have audited the basic financial statements of the St. Clair County Community Mental Health Authority as of and for the year ended September 30, 2004. These financial statements are the responsibility of the St. Clair County Community Mental Health Authority's management. Our responsibility was to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the St. Clair County Community Mental Health Authority taken as a whole. The Schedule of Expenditures of Federal Awards presented on pages 6 and 7 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The information in the statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants

February 8, 2005



**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the St. Clair County Community  
Mental Health Authority  
Port Huron, Michigan

We have audited the financial statements of the St. Clair County Community Mental Health Authority as of and for the year ended September 30, 2004, and have issued our report thereon, dated February 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the St. Clair County Community Mental Health Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted certain matters that we reported to management of the St. Clair County Community Mental Health Authority in a separate letter dated February 8, 2005.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the St. Clair County Community Mental Health Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Directors of the St. Clair County Community Mental Health Authority, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Stewart, Beauvois & Whipple".

Certified Public Accountants

February 8, 2005



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the St. Clair County Community Mental  
Health Authority  
Port Huron, Michigan

**Compliance**

We have audited the compliance of St. Clair County Community Mental Health Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. St. Clair County Community Mental Health Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of St. Clair County Community Mental Health Authority's management. Our responsibility is to express an opinion on St. Clair County Community Mental Health Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Clair County Community Mental Health Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on St. Clair County Community Mental Health Authority's compliance with those requirements.

In our opinion, St. Clair County Community Mental Health Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

**Internal Control Over Compliance**

The administration of St. Clair County Community Mental Health Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered St. Clair County Community Mental Health Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Board of the St. Clair County Community Mental Health Authority, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Stewart, Beauvais & Whipple".

Certified Public Accountants

February 8, 2005



**ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Passed Through Blue Water Area Transportation Commission:</b>			
Public Transportation for Nonurbanized Areas	20.509	N/A	\$ 64,825
<b>Passed Through Michigan State Police:</b>			
State & Community Highway Safety -	20.600		
Safe Seatbelts for Everyone		CP-03-05	<u>5,000</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u><u>69,825</u></u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<b>Passed Through the Local Intermediate School District:</b>			
Infants and Toddlers with Disabilities	84.181		
Early On Program		N/A	<u>121,155</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><u>121,155</u></u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<b>Passed Through the Michigan Department of Mental Health:</b>			
Substance Abuse and Mental Health Administration Center for Mental Health Services	93.150		
Outreach Homeless Project		20031283	<u>39,300</u>
Medical Assistance Program - (Medicaid; Title XIX)	93.778		
Omnibus Budget Reconciliation Act		N/A	<u>159,114</u>
Block Grants for Community Mental Health Services	93.958		
Juvenile Justice Diversion		20041402	38,607
Technical Assistance Support		20041402	80,983
Respite Services		20041402	5,467
Project Stay		20040524	50,382
Port of Hopes Drop In Center		20040524	9,855
Recovery Conductive Environment		20040524	5,000
CSM/Supports for Persons with MI		20040524	21,689
Anti-Stigma		20040524	<u>17,810</u>
			<u>229,793</u>
<b>Passed Through the Michigan Family Independence Agency:</b>			
Family Preservation and Support Services -			
Strong Families/Safe Children	93.556	FID02074001	<u>160,745</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u><u>588,952</u></u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 779,932</u></u>

See Notes to Schedule of Expenditures of Federal Awards

**ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Clair County Community Mental Health Authority's operating fund and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

Financial Statements –	
Total Federal/State Revenues	\$ 58,683,110
Less:	
State Sources	( 57,968,003)
Add: Federal portion from Blue	
Water Area Transportation Commission	
classified as local sources on financial	
statements	<u>64,825</u>
Total Expenditures of Federal Awards	<u>\$ 779,932</u>

**ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**Section I – Summary Of Auditor’s Results:**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal controls over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes      x   no

Reportable condition(s) identified not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes      x   no

Reportable condition(s) identified not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A – 133, Section 510(a)? \_\_\_\_\_ yes      x   no

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA #20.509	Public Transportation for Nonurbanized Areas
CFDA #84.181	Infant and Toddlers with Disabilities
CFDA #93.556	Strong Families/Safe Children

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   x   yes    \_\_\_\_\_ no

**Section II - Financial Statement Findings:**

There were no financial statement findings.

**Section III - Federal Award Findings and Questioned Costs:**

There were no Federal Award Findings and Questioned Costs required to be reported by Section 510(a) of OMB Circular A-133.

**Schedule IV – Prior Year Findings:**

There were no prior year findings.